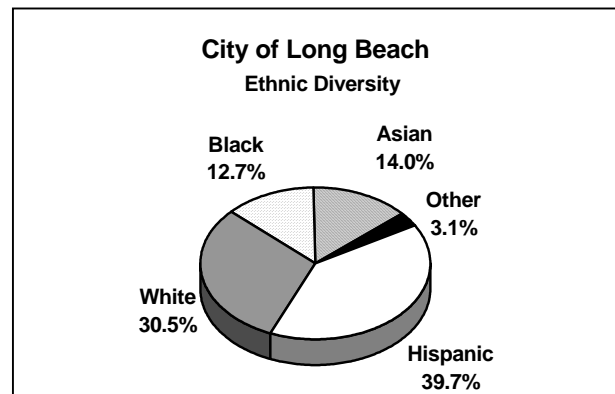


# **Understanding the City's Budget**

# City of Long Beach Demographics

## GOVERNMENT

The City of Long Beach, California covers approximately 52 square miles on the southern coast of Los Angeles County. With a current population of 491,564, Long Beach is the second largest city in Los Angeles County and the fifth largest city in the State. It is a diverse and dynamic city that, based on the 2005 American Community Survey, has the following ethnic breakdown: 39.7% Hispanic, 30.5% White, 12.7% Black, 14.0% Asian, and 3.1% all other ethnicities.



Long Beach was originally incorporated in 1888. After a short period of disincorporation, the City was reincorporated on December 3, 1897. Since 1921, Long Beach has been governed as a charter city, and operates under a Council-Manager form of government.

The City Council is made up of nine members, elected by district. The Mayor is chosen in a citywide election to serve as the full-time chief legislative officer of the City. Although the Mayor does not vote, the Mayor presides over City Council meetings, presents the annual budget to the City Council and has veto power over City Council actions. The Vice-Mayor is elected by the City Council from among its members.

The City has three other full-time elected officials: City Attorney, City Auditor and City Prosecutor. The City Council appoints the City Clerk and City Manager. The Mayor nominates, and the City Council approves, members to various boards and commissions. The Civil Service Commission, Board of Water Commissioners and Board of Harbor Commissioners oversee operations of their respective departments while all other City departments report directly to the City Manager.

The City Manager serves at the discretion of the City Council. As head of the municipal government, the City Manager is responsible for the efficient administration of all departments, with the exception of the elective offices and the three semi-autonomous commission-led departments. The City currently employs approximately 5,853 full- and part-time staff within 21 departments.

In addition to the usual municipal services of police, fire, parks and recreation, public works, and library, the City of Long Beach owns and operates a leading deep-water port, offshore and onshore oil production, a gas utility, a water utility, a convention and entertainment center, aquarium, museum, two historic ranchos, a commercial airport, marinas and golf courses.

# City of Long Beach Demographics

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## EDUCATION

The Long Beach Unified School District is the third largest public school system in California serving 93,589 kindergarten through twelfth grade students in 2006. The district's 90 schools are located in Long Beach, Signal Hill, Lakewood and on Catalina Island. Additionally, Long Beach also offers a City College, educating approximately 27,000 students. The college offers 100 Associate of Arts/Science degree programs, 89 Career Certificate programs and the opportunity to complete up to two years in any of 58 baccalaureate programs for transfer to a four-year college or university.

California State University, Long Beach (CSULB) is the State University system's second largest campus. With over 35,000 students enrolled in the 2006-2007 school year, CSULB offers 83 baccalaureate programs, 67 masters degree programs, one joint doctoral degree and one joint doctor of education degree.

## BUSINESS AND INDUSTRY

The City of Long Beach is a center for aerospace, petroleum, shipping and tourism, along with a wide variety of office and retail opportunities. Downtown alone is home to 4.2 million square feet of commercial office space.

Currently, the largest employer within the City is the Long Beach Unified School District, which operates 90 regular and three charter schools. The district's workforce of approximately 9,000 employees ensures the success of students by maintaining high standards, a commitment to excellence and by offering a comprehensive scholastic program.



*Downtown Long Beach overlooking the Port.*

The city's second largest employer is the Boeing Corporation, which operates a 424-acre facility at the Long Beach Airport and employs approximately 6,500 persons. The facility exceeds 6.7 million square feet of space and is currently utilized for the production of commercial jetliner, the C-17 military transport plane and program support for production lines in other locations. In what will be one of the region's largest land redevelopment efforts, Boeing is in the process of converting 260 acres of their facility from industrial to mixed commercial/residential use in an effort to provide quality industrial, research and development space. Exhibit 1 provides a breakdown of the top 10 employers in Long Beach as of February 2007.

Oil production, private and municipally-owned, continues to be an important business in Long Beach with both offshore and onshore facilities. Approximately 14.9 million barrels of oil are produced annually from facilities in Long Beach. The Long Beach Unit Optimized Water-Flood Injection Process, authorized by State legislation, has improved oil recovery and lengthened field life in the Wilmington Oil Field. Continued application of new technology is expected to further increase oil recovery.

# City of Long Beach Demographics

Exhibit 1: Top 10 Employers in Long Beach

Rank	Employer	Employees As of February 2007
1	Long Beach Unified School District	9,064
2	The Boeing Company	6,525
3	CSU Long Beach (includes part-time)	6,007
4	City of Long Beach (includes part-time)	5,854
5	Long Beach Memorial Medical Center	3,500
6	Verizon	2,000
7	Long Beach City College	2,000
8	United States Postal Service	1,900
9	Veterans Affairs Medical Center	1,700
10	St. Mary Medical Center	1,634

Source: Economics Research Group, Department of Community Development

The Port of Long Beach remains one of the busiest container ports in the world. In 2006, the Port handled nearly 7.3 million twenty-foot-long containers (TEUs) carrying 85 million metric tons of cargo. International trading partners include the Pacific Rim nations of Japan, China, Taiwan, and Korea. In addition to containers, the Harbor facility handles crude and refined petroleum products, dry bulk such as coal, coke and cement; automobiles, lumber, paper and fruit; steel and scrap metal.

As California's largest urban Enterprise Zone, Long Beach offers businesses located in targeted areas five categories of State tax incentives aimed at stimulating new private investment, business expansion and job creation. These incentives include sales tax credits, hiring tax credits, business expense deductions, net operating loss carryover and a net interest deduction for lenders. Over 10,000 Long Beach businesses of varying sizes operate in the Enterprise Zone. The Enterprise Zone designation is in place until 2022.

Tourism continues to be a growing industry in Long Beach, and the city attracts over 5.5 million visitors a year. A vital part of that industry is the Long Beach Convention and Entertainment Center. The Center's facilities include a 224,000 square-foot exhibit hall, 83,000 square feet of meeting room space, a ballroom able to comfortably seat 1,600, a 13,600-seat arena and two theaters in the elegant Long Beach Performing Arts Center. Additionally, over 2,500 hotel rooms are within walking distance of the Convention Center.



*Long Beach Aquarium of the Pacific at night.*

The world-class Long Beach Aquarium of the Pacific, on Rainbow Harbor, is located across the water from the Convention Center, Shoreline Village and the historic Queen Mary. The Aquarium is home to 12,500 marine animals from over 1,000 species indigenous to the Pacific Rim. It is a milestone in design, architecture and technology for the 21<sup>st</sup> century.

# City of Long Beach Demographics

## MAJOR DEVELOPMENTS

Douglas Park, recipient of the 2006 Planning Project Award from the Los Angeles Section of the American Planning Association, broke ground in late 2005. In December 2004, the City Council granted project approvals for the redevelopment of approximately 261 acres of former and existing Boeing C-1 aircraft production facilities at the southwest corner of Carson Street and Lakewood Boulevard. Of the 261 acres, 238 acres are within the City of Long Beach, with the remaining 23 acres located in the City of Lakewood.



*Rendering of Long Beach Douglas Park.*

The planned mixed-use community in East Long Beach will include up to 3.3 million square feet of commercial and office space, up to 200,000 square feet of retail space, a maximum 1,400 residential units, up to 400 hotel rooms and over 11 acres of public parks.

In the downtown, the West Gateway area redevelopment is now underway. Embodying principals of "Smart Growth," the City of Long Beach is pursuing a unique public/private economic development partnership to develop a new transit-oriented urban neighborhood on all or portions of 8 square blocks situated at the entry to the City's downtown core. This master planned effort includes a new public elementary school (now completed) and the development of approximately 800 ownership and rental housing units, incorporating resident-serving retail within an enhanced urban community. West Gateway is a critical element in the revitalization of greater downtown Long Beach.



*Rendering of Promenade Development between 1<sup>st</sup> and 3<sup>rd</sup> Streets in Downtown Long Beach.*

The Promenade is another downtown development expected to revitalize the area with an exciting array of uses. The Promenade spans several blocks and serves as a pedestrian linkage from Shoreline Drive, south of the Convention Center, to the northern terminus at 5<sup>th</sup> Street. The Redevelopment Agency is developing an urban, pedestrian-oriented, mixed-use development along The Promenade between 1st and 3rd Streets. Also on The Promenade are the newly refurbished Insurance Exchange Building Lofts and the Hotel Esterel on The Promenade.

## City of Long Beach Demographics

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The new Mark Twain Library, scheduled to open August 11, 2007, will be a 16,000 square-foot state-of-the-art center for learning, technology and recreation, replacing the "old" Mark Twain Library built in 1958. The new library will be the first 21st century library and the first "green" public building in the City of Long Beach. The library incorporates many energy-saving design features,



*Rendering of the new Mark Twain Library.*

recycled materials and an innovative program to educate patrons about its "green" features. It is expected to receive a silver LEED (Leadership in Energy and Environmental Design) rating from the U.S. Green Building Council. The new Mark Twain Neighborhood Library will provide vastly improved service tailored to meet the needs of the diverse Anaheim Corridor community, including nearly double the number of books and audiovisual materials, over six times the number of public computers, and a community meeting room. It will be a prominent community and cultural anchor, a landmark along Anaheim Street and a symbol of neighborhood pride.

# The Budget Process

The Fiscal Year 2008 (FY 08) Budget covers the period October 1, 2007 through September 30, 2008. The following is a description of the City's multi-dimensional Budget Process, which is designed to promote transparent communication with community stakeholders and provide multiple opportunities for direct community input.

## THE BUDGET PROCESS

The Budget is the most important policy document the City produces on an annual basis. The program and financial decisions it embodies must reflect the will of the community through the policy direction of the City Council. This can only be achieved through a development process that encourages communication and transparency, seeking input from a diverse cross-section of the community, while offering opportunities for review and revision. The following is the general budget preparation process, which utilizes the City's Financial Strategic Plan (Plan) as a guide for budget development.

Beginning in February, the City Council's Budget Oversight Committee (BOC) initiates monthly meetings. In February, the City Manager, through Financial Management, provides clear budget development instructions to departments, requesting they begin updating their department's Plan strategies and making initial estimates for their proposed capital and operating budgets.

From March through May, departments complete their proposed budgets including updated revenue and expenditure recommendations contained in the Plan. In June, the City Manager assembles department proposals into a coherent Proposed Budget that reflects the economic environment, fiscal condition and priority needs of the City.

A series of community events designed to encourage active public dialogue regarding the Budget is initiated in mid-March, culminating in the Budget's adoption by the City Council in September. Activities include BOC meetings, neighborhood, board, committee and commission meetings, and City Council budget workshops and hearings.

### FY 08 BUDGET PREPARATION CALENDAR

Feb	Budget Oversight Committee meetings initiated
Feb	City Manager issues budget preparation policies and instructions to departments
Mar - May	Departments complete their Plan updates, operating and capital budget proposals
Jun	City Manager previews Proposed Budget at City Council budget workshop
Jul 1*	City Manager submits Proposed Budget and CIP budget to Mayor
Aug 2*	Mayor submits Proposed Budget with recommendations to City Council and community
Aug 14	Weekly budget workshops and hearings commence. BOC submits recommendations to the City Council
Sept 15	Deadline for City Council to adopt the Budget Mayor has five days to concur with adopted budget or exercise a line-item veto of any expenditure
Sept 30*	Budget adopted

\*On or before

As mandated by the City Charter, the City Manager submits the Proposed Budget on or before July 1 to the Mayor for review. The Mayor reviews the Proposed Budget and submits it, along with any recommendations, to the City Council on or before August 2. Subsequently, the BOC submits their recommendations to the City Council for consideration. The City Council must adopt the budget by September 15; otherwise, the City Manager's Proposed Budget becomes the City Council's Adopted Budget. The Mayor then has five days to concur with the City Council's Adopted Budget or exercise a line-item veto of any expenditure. The City Council can override the Mayor's veto with a two-thirds majority vote. By City Charter, the City Council may override the Mayor's veto (if any) or accept changes prior to October 1, the beginning of the new fiscal year.

# **The Budget Document**

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The Budget document is divided into seven sections: Understanding the Budget, Focus On Results, Financial Strategic Plan, Budget Summaries, Program Budgets by Department, Fund Summaries and the Capital Improvement Program.

## **Understanding The Budget**

This section provides demographic and other information on the city's government, educational sector, economy and other information to provide a context for the City's service environment and priorities. The budget process, the budget document and the fundamentals of the City's financial management are also discussed. Lastly, background information about the City's main revenue sources is provided.

## **Focus On Results (FOR) Long Beach**

This section describes the City's performance management efforts designed to align the City's major business processes around City Council and community priorities, maximize the efficiency and effectiveness of government services and programs, assess service delivery performance and provide a framework for identifying needed resource reallocation.

## **Financial Strategic Plan**

The City's Financial Strategic Plan (Plan) was designed to be an organic document that must be updated annually to capture and reflect the City's changing fiscal and service delivery environment. The Plan represents the culmination of months of deficit reduction proposals, discussions and deliberation amongst the City Council, the community, employees throughout the organization and City Manager-department directors, and provides additional recommendations to address changes in structural deficit assumptions.

## **Budget Summaries**

Several summaries of department and fund budgets are provided, with multi-year comparisons of expenditures and revenue. Also included is a three-year schedule of Full-Time Equivalent staffing for each department.

## **Program Budgets by Department**

The FY 08 Performance-based Program Budget reflects the third year implementation of the City's FOR Long Beach performance management system. This Performance-based Program Budget is more useful in effectively demonstrating and communicating the actual services and tangible outputs and outcomes delivered to the community, and will serve as the basis for reporting and evaluating the results the community will receive for the budget each department has been allocated. As part of the FOR Long Beach strategic business planning process, all City Manager-directed departments have developed a program structure and program performance measures for FY 08. The program structure and performance measures serve as the basis for the City's Performance-based Program Budget and add clarity to the City's budget by aligning background information (a purpose statement and listing of services), budget allocations and performance information, all at the program level.



# The Budget Document

## Understanding New Performance-based Program Budget Format

The Performance-based Program Budget (PBPB) book presents department budget information in two formats: (1) For non-City Manager departments, you will find the traditional layout including organizational charts, budget and personnel summaries, and (2) For City Manager departments, in each chapter, information on the departments' program structure, mission, Service Delivery Environment, Significant Issues and Strategic Objectives will accompany program-specific financial, staffing and performance information.

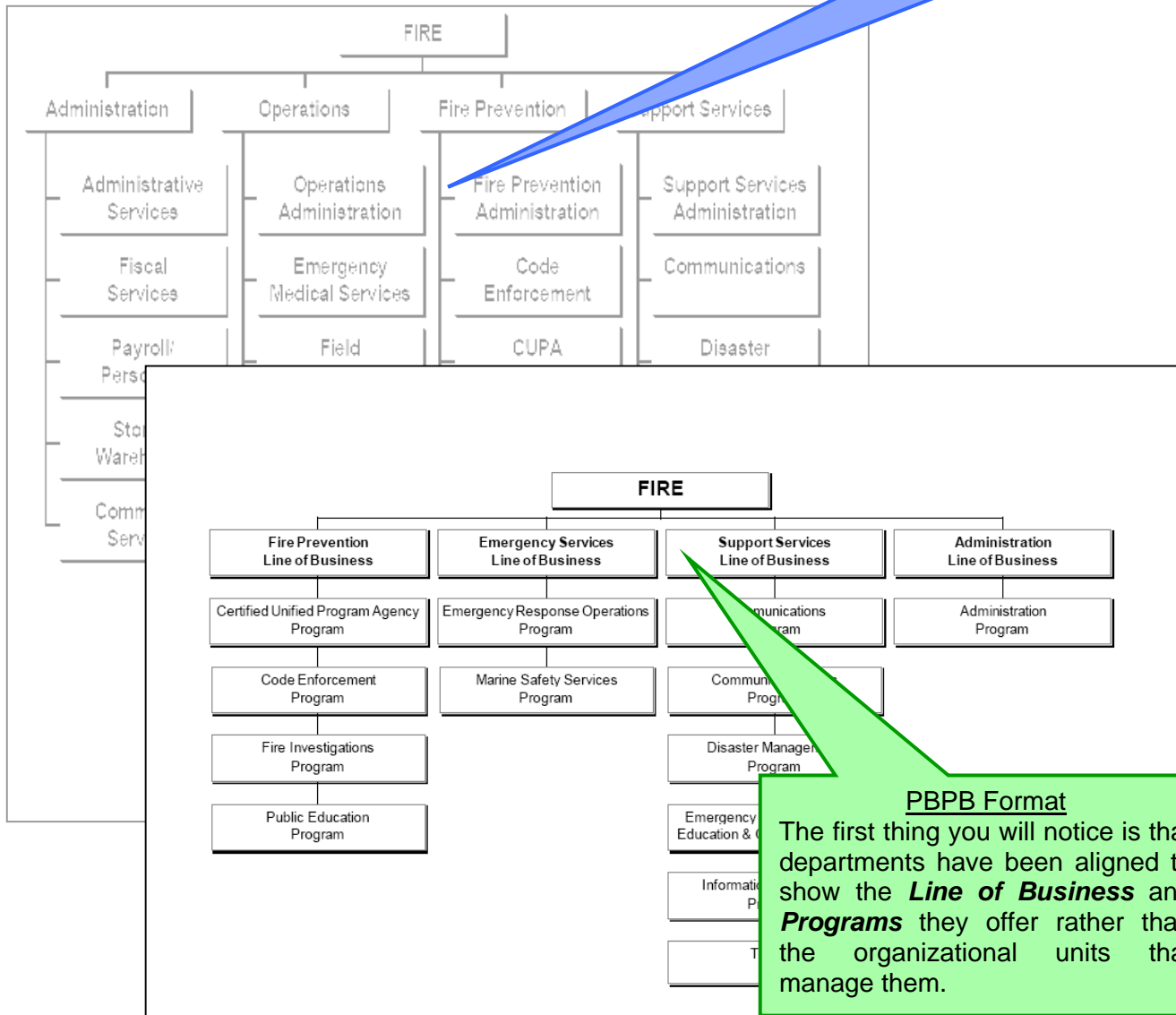
### A New Way of Organizing Department Functions

*"In an organization focused on results, the City of Long Beach is now aligned around the programs we provide to the community rather than around the structures that manage them."*

*Mike Killebrew, Director of Financial Management*

#### Traditional Budget Format

Each department chapter began with an organizational chart describing the department by Bureau and Division.



#### PBPB Format

The first thing you will notice is that departments have been aligned to show the **Line of Business** and **Programs** they offer rather than the organizational units that manage them.

# The Budget Document

## A New Way of Communicating for Results

A key element to performance management is providing both strategic and service delivery information in a clearer, more transparent way. Integration of the City's performance management system, through a Performance-based Program Budget, reflects a fundamental change in the way the City conducts business. Once fully developed, the performance management system and the Performance-based Program Budget will assist the City in communicating the value it provides to the community through the programs it offers.

### Chapter Overview

This budget chapter reflects key elements of the Department of Fire Services Full Strategic Business Plan, which was developed as part of Focus On Results (FOR) Long Beach, the City's commitment to performance management.

As part of this full strategic planning process, the Department identified, with input from community stakeholders and employees, significant issues to be confronted over the next two to five years. Strategic objectives have also been developed as part of this process to help guide the Department in addressing these issues. The Fire Department has also developed its program structure and a full family of program performance measures, including outcome, output, and efficiency measures. The program structure and performance measures serve as the basis for the City's performance-based program budget and will add clarity to the City's budget by aligning department program information (purpose statement and listing of services), budget allocations, and performance information, all at the program level.

Please note that while the Fire Department has completed the first year of the key performance measures may be new to the Department and will be added to the performance information. Therefore, some performance measures may be added without the corresponding performance information. As the implementation, existing measures may be changed and/or new measures may be added.

Each department's budget chapter begins with a **Chapter Overview**, which provides a brief summary of department activities and a Table of Contents that shows what you will find in the budget chapter.

### Table of Contents

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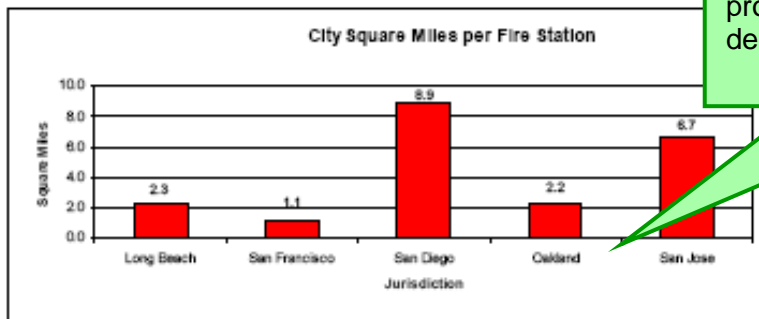
# The Budget Document

## Understanding the Needs of the Community

Before deciding which programs and services to provide, the City began by identifying the needs of the community. Understanding the service delivery environment helps to identify the current demands and related factors needed to develop responsive strategies. Each of the City programs are designed to address a specific need or set of needs in the community.

### Service Delivery Environment

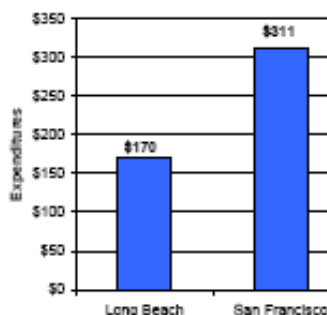
Long Beach, at 52 square miles, has 23 fire stations, or an average of 2.3 square miles per station, and serves a population of 491,564 people. The City of San Francisco has 42 miles with 42 fire stations, or 1.1 square miles per fire station, and serves a population of 873,333 people, while the City of San Diego averages 9.3 square miles per station.



Sources: Various city and League of California Cities websites.

Fire and Emergency Medical Services (EMS) budgeted expenditures are at \$311 and \$136 per capita for San Francisco and San Jose, respectively. Long Beach budgeted expenditures are at \$170 per capita.

### Budgeted Expenditures per Capita



The **Significant Issues** section describes the major issues that the department will face over the next several years. These issues were developed based on input from community members, employees and City leadership.

The **Service Delivery Environment** section describes key information about the City that affect the programs provided by the department, such as demographic and economic influences.

### Significant Issues

- Long Beach's increasing population and density, especially among seniors and the under-insured, combined with changes in the health care system, will continue to increase the number of calls for service and may negatively impact response times.
- Aging and deteriorating fire stations and marine safety facilities are increasing maintenance costs and limiting future allocation and deployment of resources, making it more difficult for emergency services to be delivered effectively and efficiently, placing greater demands on firefighters/lifeguards and making it a challenge to meet gender separation and other regulations as well as the shifts in population.
- Natural and manmade disasters have increased mandated requirements and community expectations for emergency services which have been federally funded (for example, Homeland Security) and that:

- Fire Department personnel from primary emergency preparedness functions to grant management, training and information sharing; and,

- May require local funds in the future to replace apparatus and equipment and to upgrade facilities if a decision is made to replace other funding to sustain these programs and continue to provide the services.

In two to four years, the Fire Department's current administrative headquarters will be demolished, requiring Fire Department relocation in order to continue to provide services to the public.

- The Fire Department workforce is not reflective of the current and changing demographics of the community, which may hamper its ability to deliver services because of comfort levels, language barriers, and perceptions.

# The Budget Document

## A New Way of Setting Strategic Objectives

Identifying strategic objectives helps to align department efforts with Citywide goals and focuses departments on how to structure operations to meet those objectives. These objectives must be clear and measurable to make informed decisions about the services the City offers.

### Strategic Objectives

- As population and calls for service increase, the Long Beach Fire Department will realign station locations and resources to:
  - Continue to maintain established standards for emergency response as indicated by:
    - On-scene arrival of first unit for all emergency calls within 5 minutes or less from time of dispatch (Emergency Response Operations Program).
    - On-scene arrival of paramedics for 90% of emergency medical calls requiring paramedics in 9 minutes or less (from time of dispatch) (Emergency Response Operations Program).

Focus Area: Community Safety; Youth: No

- By 2009, the Fire Department will develop a financial plan for replacement, repair or relocation to:
  - The Fire Department will relocate administration facility that is multi-functional and accessible and provide management services for the department (Administration Program).
  - Have a more accommodating facility for the building construction permit approval process, which will improve the turn-around times for first set of corrections from 7 days to 4 days for 90% of permittees (Code Enforcement Program).
  - Increase separate accommodations for female staff in fire stations (and marine safety facilities) from 12% in 2005 to 23% in 2009 (Emergency Response Operations and Marine Safety Services Program).

Focus Area: Community Safety; Youth: No

- By 2010, the Fire Department will have direct interoperable (two-way) communications with other departments and outside agencies in compliance with the National Incident Management System (NIMS)/Standardized Emergency Management System (SEMS) standards for connectivity so that we will increase direct interoperable communications with regional emergency response partners to a minimum of 75% (Emergency Response Operations Program).

Focus Area: Community Safety; Youth: No

- By 2010, the Fire Department will increase the diversity of the workforce, as indicated in the City's Equal Employment Opportunity Program Plan, to better reflect the Long Beach community (Training Program).

Focus Area: Community Safety; Youth: No

The **Strategic Objectives** section describes what the department will accomplish over the next several years to address the Significant Issues, keeping in mind the priorities of the community.

# The Budget Document

## Measuring Accomplishments and Planning for Results

One of the objectives of FOR Long Beach is to have necessary information readily available to make sound business decisions. Providing performance and budgetary information according to departmental Lines of Business will help link related outcomes with programs and to the investment being made.

### Fire Prevention Line of Business

Program	Actual FY 06	Adjusted FY 07	Estimated FY 07	Percent of Budget	Proposed* FY 08
<b>Certified Unified Program Agency</b>					
Expenditures	564,672	595,488	568,350	95%	746,866
Revenues	387,982	405,000	428,029	106%	642,800
FTEs	4.25	4.25	4.25	100%	5.25
<b>Code Enforcement</b>					
Expenditures	2,747,214	2,907,079	3,102,832	107%	3,077,843
Revenues	2,115,822	2,012,500	1,966,818	98%	2,339,500
FTEs	19.25	19.75	19.75	100%	19.75
<b>Fire Investigations</b>					
Expenditures	604,086	579,385	564,124	97%	611,657
Revenues	1,681	-	-	-	-
FTEs	3.25	3.00	3.00	100%	3.00
<b>Public Education</b>					
Expenditures	120,336	107,230	109,879	102%	21,419
Revenues	-	-	-	-	-
FTEs	1.00	1.00			
<b>Line of Business TOTAL</b>					
TOTAL Expenditures	4,038,307	4,188,182			
TOTAL Revenues	2,505,488	2,417,500			
TOTAL FTEs	27.75	28.00			

Note: Historical Expenditure and FTE information have been recast from the Bureau of Finance.  
\* Amounts exclude all-years carryover.

Each Line of Business page has a **Key Accomplishments** section, which describes some of the important successes of the Programs that relate to the Line of Business.

**Purpose Statement:** To provide fire code and hazardous materials investigations and enforcement to protect the public against hazards such as arson, sub-standard buildings, and dangerous chemicals.

#### FY 07 Key Accomplishments:

- Developed fee model for new construction plan review and permit fees to recover cost of reviews and inspections.
- Developed model for multi-unit residential inspection program for increased safety protection.
- Presented fire sprinkler and fire alerting recommendations to improve life safety in large multi-unit buildings to the City Council, who adopted 5 of the 8 major recommendations.
- Revised fee schedule to fund increased reviews of Business Emergency Plans.
- Customer satisfaction ratings on plan review service increased to 90 percent excellent.

# The Budget Document

## Establishing a “Results Contract” Between the City and the Community

In a Performance-based Program Budget, setting clear expectations about results and service levels established through the budget is a key element to evaluating performance. Rather than focusing budgetary information on the inputs required to deliver services, the PBPB format focuses on the outcomes and results of key performance measures produced through each program with the service levels supported through the budget.

### Certified Unified Program Agency Program

Focus Area: Environment

Line of Business: Fire Prevention

**Program Purpose Statement:** To provide environmental investigation, inspection, plan review, permitting and information services to the City of Long Beach, state agencies and first responders so they can understand and protect the environment better, comply with state and local laws, and provide more effective fire operational responses.

**Key Services Provided:** Environmental Crimes Investigations, Storage Tank Inspection, Storage Tank Plan Reviews, Storage Tank Permits, Business Emergency Plan Inspections, Business Emergency Plan Reviews, Business Emergency Plan Permits, Chemical Inventories, Chemical Inventory Permit and HAZMAT Business Emergency Plan Reviews.

**FY 08 Funding Sources:** General Fund 20%, CUPA Fund 80%

Certified Unified Program Agency	Actual FY 06	Adjusted FY 06	Estimated FY 07	Percent of Budget	Proposed* FY 08
Expenditures	564,672	595,350	568,350	95%	746,866
Revenues	387,982	405,150	428,029	106%	642,800
FTEs	4.25	4.25	4.25	100%	5.25

\* Amounts exclude all-years carryover.

Key Performance Measure	Actual FY 06	Target FY 07	Estimated FY 07	Percent of Budget	Proposed FY 08
% of storage tank inspections conducted within 5 working days of receipt of scheduled request	(a)	75%	80%	80%	75%
# of underground storage tank inspections conducted	(a)	52	52		
# of state mandated inspections for underground storage tanks	(a)	18	18		
\$ expenditures per storage tank inspection conducted (annual and new)	(a)	\$85	\$85		

(a) Tracking systems are being developed to capture this data going forward and/or data

Each **Program** has a page that describes important information, including its purpose, the services it offers, its budget, and key performance measures.

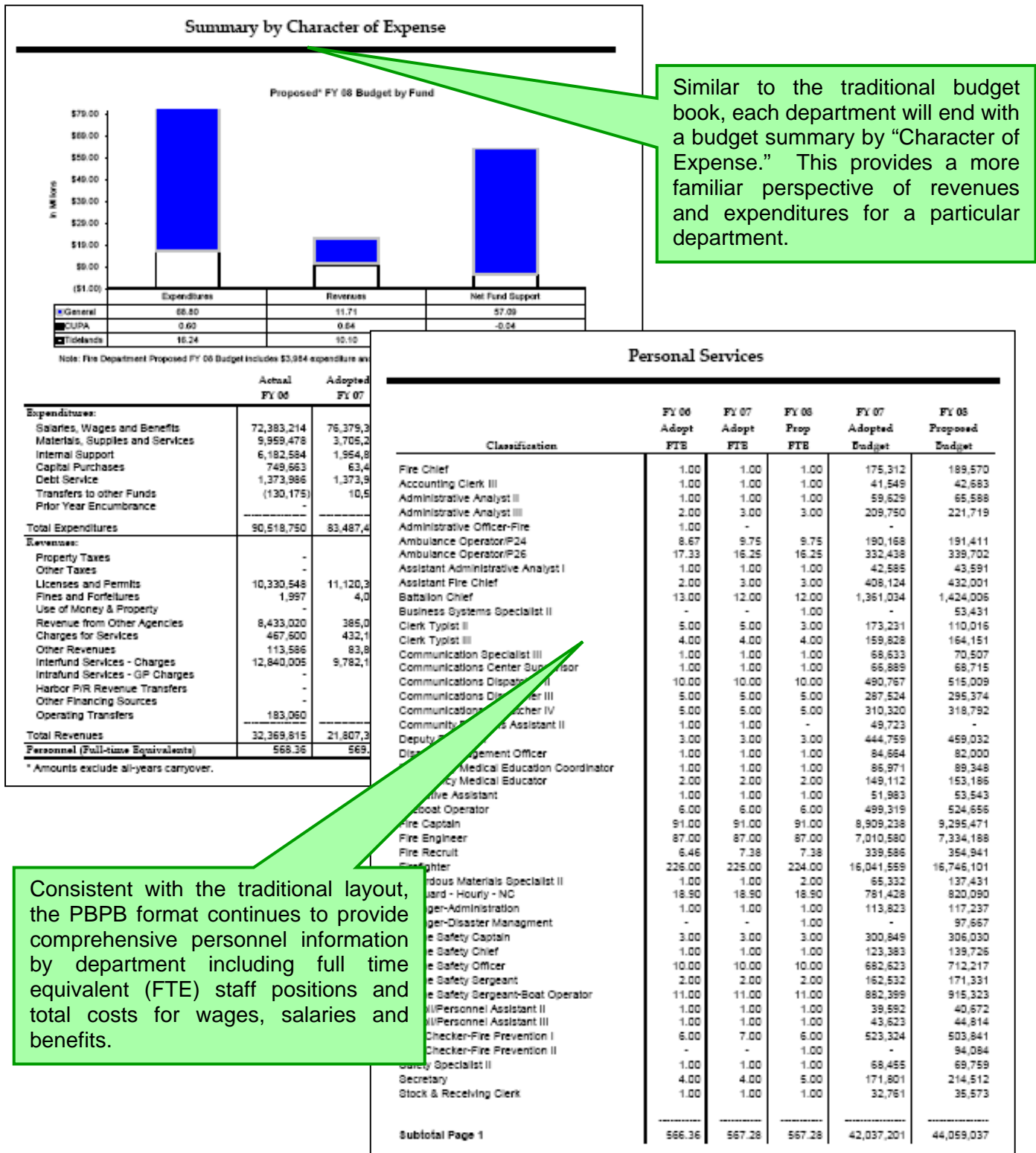
#### Results Narrative:

The proposed budget of \$746,866 will enable continued administration of underground storage tank inspection activities. The budget includes an enhancement of one additional Hazardous Materials Specialist position, which will aid in meeting State compliance in the Business Emergency Plan (BEP) section. The additional position will assist Program staff in achieving 100% of State mandated inspections, 75% of all other inspections, and 75% of businesses required to update their Business Emergency Plan. Proposed fee increases will enable full cost recovery for current and enhanced levels of service. The proposed budget also includes negotiated salary increases for the Engineering and Firefighter Associations' represented classifications. This Program promotes the City Council's priority to "Improve environmental conditions in the City of Long Beach."

# The Budget Document

## Fulfilling Legal Requirements

According to the City Charter, the budget book must clearly articulate cost control thresholds by department and fund, as well as provide detailed information on staffing by classification. The PBPB format will continue to provide this legally-required information.





# The Budget Document

## Focusing On Results on Multiple Levels

There is a very logical connection between the overarching strategic goals of the City and the work of each employee at a program level of the organization. These goals are carried out through each department and their Lines of Business. Each Line of Business comprises related Programs. Each Program provides a "Results Contract" demonstrating how the department will fulfill shared goals through the results they produce.

## Summary by Line of Business and Fund

### FY 08 Budget by Line of Business

Line of Business	Actual FY 06	Adjusted FY 07	Estimated FY 07	Percent of Budget	Proposed* FY 08
Fire Prevention					
Expenditures	4,036,307	4,189,182	4,345,186	104%	4,457,785
Revenues	2,505,486	2,417,500	2,394,847	99%	2,962,300
FTEs	27.75	28.00	28.00	100%	28.00

One of the most significant changes presented by the PBPB format is the Department Summary by **Line of Business** and Fund.

### Fire Prevention Line of Business

Program	Actual FY 06	Adjusted FY 07	Estimated FY 07	Percent of Budget	Proposed* FY 08
Certified Unified Program Agency					
Expenditures	564,672	595,488	568,350	95%	746,866
Revenues	387,982	405,000	428,029	106%	642,800
FTEs	4.25	4.25	4.25	100%	5.25
Code Enforcement					
Expenditures	2,747,214	2,907,075	3,102,832	107%	3,077,843
Revenues	2,115,822	2,012,500	1,966,818	93%	2,339,500

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**Key Services Provided:** Environmental Crimes Investigations, Storage Tank Inspection, Storage Tank Plan Reviews, Storage Tank Permits, Business Emergency Plan Inspections, Business Emergency Plan Reviews, Business Emergency Plan Permits, Chemical Inventories, Chemical Inventory Permit and HAZMAT Business Emergency Plan Reviews.

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Expenditures	564,672	595,488	568,350	95%	746,866
Revenues	387,982	405,000	428,029	106%	642,800
FTEs	4.25	4.25	4.25	100%	5.25

\* Amounts exclude all-years carryover.

Key Performance Measure	Actual FY 06	Target FY 07	Estimated FY 07	Percent of Budget	Proposed FY 08
% of storage tank inspections conducted within 5 working days of receipt of scheduled request	(a)	75%	60%	80%	75%
# of underground storage tank inspections completed	(a)	525	415	79%	525
% of mandated inspections for underground storage tanks	(a)	180	180	100%	180
Expenditures per storage tank inspection conducted (annual and new)	(a)	\$957	\$1,008	118%	\$1,141

(a) Tracking systems are being developed to capture this data going forward and/or data not available.

### Results Narrative:

The proposed budget of \$746,866 will enable continued administration of underground storage tank inspection activities. The budget includes an enhancement of one additional Hazardous Materials Specialist position, which will aid in meeting State compliance in the Business Emergency Plan (BEP) action. The additional position will assist Program staff in achieving 100% of State mandated inspections, 75% of all other inspections, and 75% of businesses required to update their Business Emergency Plan. Proposed fee increases will enable full cost recovery for current and enhanced levels of service. The proposed budget also includes negotiated salary increases for the Engineering and Firefighter Associations' represented classifications. This Program promotes the City Council's priority to improve environmental conditions in the City of Long Beach."

**Program** details with each **Line of Business** are also provided.

Finally, each **Program** is broken down by Program Purpose, Key Services, the "Results Contract" and provides a key linkage to the Citywide Focus Area it supports.

One of the most significant changes presented by the PBPB format is the Department Summary by **Line of Business** and Fund.

**Program** details with each **Line of Business** are also provided.

Finally, each **Program** is broken down by Program Purpose, Key Services, the "Results Contract" and provides a key linkage to the Citywide Focus Area it supports.



# The Budget Document

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## Fund Summaries

The Budget includes spending from 37 different “funds” that are required to be reported by State or Federal law, the City Charter and/or proper accounting practice. A fund consists of a separate set of accounts used to monitor the accomplishment of specified purposes, or uses of restricted revenue. Depending on the type of service provided, department expenditures may be authorized from a number of funds. Most traditional City services are funded through the General Fund.

## The Capital Improvement Program

The Capital Improvement Program (CIP) represents expenditures for major construction and infrastructure projects or for repair of City facilities and buildings. A committee of department representatives meets during the year to select projects to be initiated, funding sources and the operating impacts on the General Fund. The CIP, as presented in this section, is adopted annually by the City Council as part of the budget process. A separate CIP document, the FY 08 Proposed CIP, provides greater detail about ongoing and approved CIP projects.

## FINANCIAL INFORMATION

### Adjustments to the Budget

During a fiscal year, special circumstances may result in changes to department spending priorities. At the beginning of each fiscal year, appropriations are made at the fund and department level and are authorized by City Council adoption of an Appropriations Ordinance. Budget adjustments that require a modification to the amounts authorized by the Appropriations Ordinance require the approval of the City Council. Transfers between programs or “characters of expense”, but not affecting any funds or department’s total appropriation, require City Manager approval.

### Basis of Accounting\*

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences, are recorded only when payment is due.

*\*This information is taken from the Comprehensive Annual Financial Report (CAFR) of the City of Long Beach, California – September 30, 2006. For further information regarding the City’s accounting and debt management practices, please consult the CAFR.*

### Accounting Basis of Budgeting

The generally accepted accounting principles used as the basis to prepare this Budget are the same as those used to prepare the annual financial report with the following exceptions: (1) encumbrances are considered to be expenditures for budget purposes but are not included in financial reporting; and (2) land held for resale is recorded as an expenditure when purchased and a revenue when sold for budget purposes. For financial reporting purposes, land is held as an asset and a gain or loss is recognized at the time of sale.

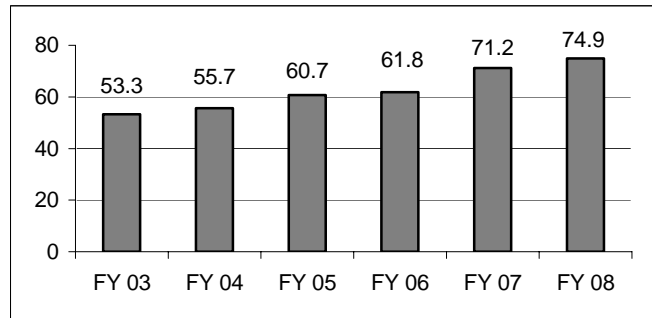
### Investment Management

This function's primary goal is safeguarding principal and ensuring liquidity levels necessary to pay for budgeted expenses while optimizing return on investment. The City maintains general bank accounts for daily business requirements, but the majority of the City's funds are held in an investment pool administered by the City Treasurer. As of September 30, 2006, the Treasurer's investment pool was approximately \$1.428 billion divided into short-term and long-term portfolios. To measure performance, the City uses two benchmarks: the 91-Treasury Bill benchmark for the short-term component and the Merrill Lynch 1-3 year Treasury/Agency Index for long-term component.

# General Fund Revenue

## PROPERTY TAXES

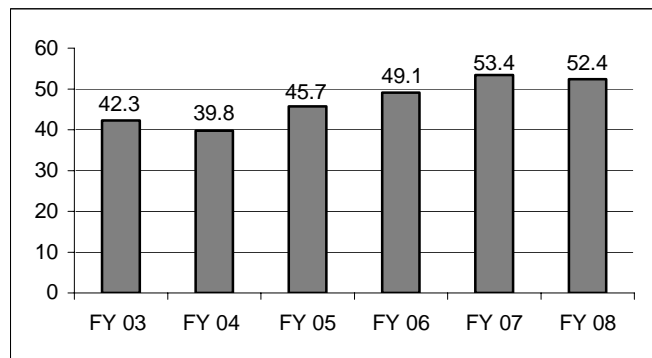
Approximately 17.2 percent or \$74.9 million of the City's General Fund revenue is derived from local property taxes, which includes secured real property tax and unsecured personal property tax, net of refunds. Property, primarily land and buildings, is valued by the County Assessor and taxed at 1 percent of assessed value. Cities and other local agencies, such as schools, special districts, and the County of Los Angeles, share in the countywide property tax pool. The City of Long Beach only receives 21.8 percent of property taxes paid by City property owners in non-redevelopment designated areas of the city. The City's Redevelopment Agency receives 100 percent of certain specified property tax revenues generated within the redevelopment project areas. Due to the economy's growth and affect on property values, FY 08 property tax estimates assume revenue increases above FY 07 receipts. Property in the State of California is generally reassessed only upon change of ownership and new construction.



Property tax is a major source of revenue for critical City services such as police, fire, public works, recreation and library services. Prior to the passage of Proposition 13 in 1978, property tax revenues accounted for approximately 28 percent of all General Fund revenues as compared to 17.2 percent now. Other revenues have been used to augment the decrease in this revenue source.

## SALES TAX

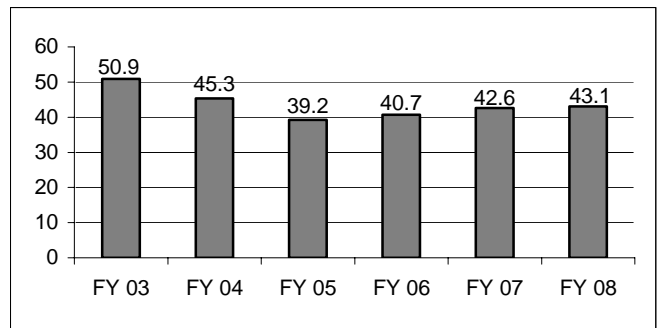
Sales tax receipts are expected to account for \$52.4 million, or 13.4 percent, of all General Fund revenues for FY 08. All taxable retail sales in Long Beach are charged an 8.25 percent tax. This amount includes 1.25 percent that goes to the County of Los Angeles, and 6.25 percent that is retained by the State. Only 0.75 percent is returned to the City by the State. Sales tax revenue varies from year-to-year due to fluctuations in the economy. FY 08 estimates are lower than FY 07 due to anticipated slower growth in the economy and the potential loss of revenue from a former Long Beach business that relocated its sales activity to a neighboring City.



The City must continue to promote economic development in order to bring sales tax revenues to a level comparable to other cities in Los Angeles County. Due to Proposition 57, the State has "flipped" 0.25 percent of Sales and Use Tax for an equal amount of ERAF Property Tax to help fund the State's Economic Recovery Bonds. The replacement property tax, titled "In Lieu Sales and Use Tax," is received on a semi-annual basis, and is included in the estimated sales tax totals for the fiscal year.

## UTILITY USERS TAXES

The City applies a utility users tax (UUT) to customers' electricity, gas, telephone, and water bills. These four revenue sources account for \$43.1 million, or 11.0 percent, of the City's General Fund revenues. The UUT was the General Fund's largest revenue source before a voter-approved initiative reduced the utility user tax rate from 10 percent to 5 percent over a five-year period. The rate for FY 08 is 5 percent, effective October 1, 2004. These taxes do not apply to low-income senior citizens who are over 62 years of age or disabled low-income individuals.



## OTHER TAXES

The City receives revenue from the Transient Occupancy Tax assessed on guests of all City hotels and motels, and from the Business License Tax assessed on all those doing business in Long Beach. Both taxes have demonstrated strong growth over recent years.

## LICENSES AND PERMITS

This revenue comes to the City from a variety of licenses and permits. Emergency ambulance, fire plan check, fire inspection and dog license fees generate the largest revenues.

## FINES, FORFEITURES AND PENALTIES

Revenue received by the City in this category is primarily from parking citations and vehicle code fines.

## REVENUE FROM USE OF MONEY AND PROPERTY

The City is able to generate income from its current assets. This includes interest earned on investments, land and facility rental, and parking meter revenue within the City.

## REVENUE FROM OTHER AGENCIES

The General Fund receives revenue from other cities, the County of Los Angeles and the State. Revenue is received for the maintenance of traffic signals and parking meters under contract with smaller cities neighboring Long Beach, as well as unincorporated parts of Los Angeles County. The State provides funding through the Motor Vehicle In Lieu Tax. Other miscellaneous State funds are provided for maintenance of State highways, fire and peace officer training, and police extradition reimbursements.

## OTHER CHARGES AND REVENUES

These miscellaneous charges include library fines and fees, police reports and sale of used equipment and vehicles. Per the City Council's adopted Financial Policies, the City has redoubled its efforts to improve cost recovery through all appropriate user fees for services to better preserve General Fund services that would otherwise face reduction and to maintain a structurally balanced budget.

## **INTER- AND INTRA-FUND CHARGES**

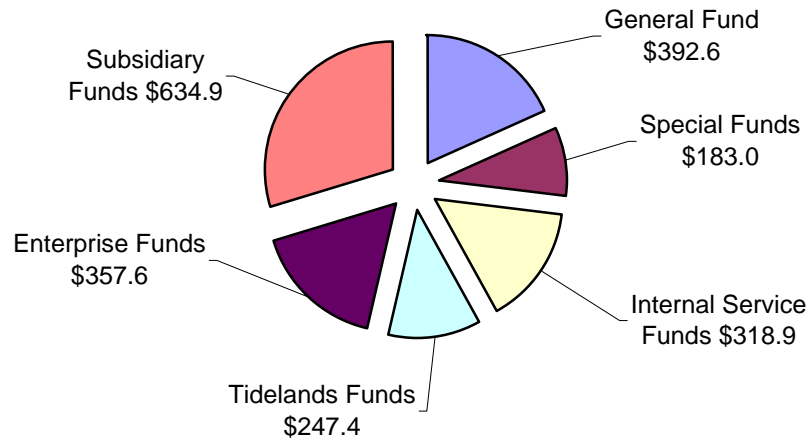
Programs within the City that are funded by sources other than the General Fund often receive services from General Fund supported departments. This category includes reimbursement for these services.

## **"GANN" APPROPRIATIONS LIMIT**

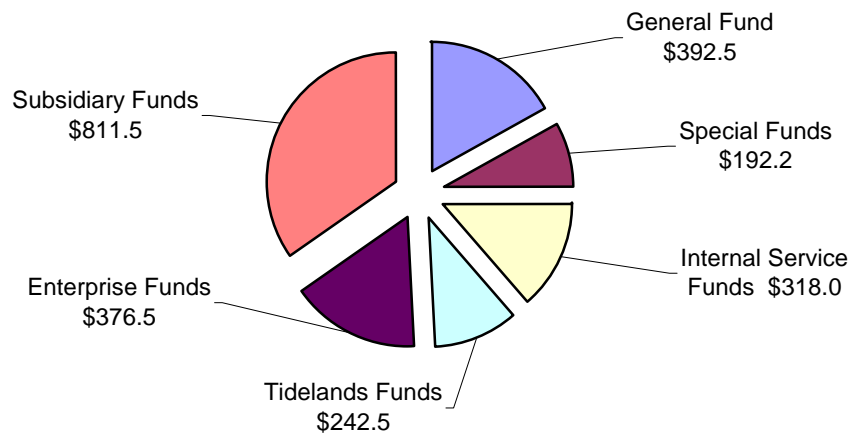
In November 1979, the voters of the State of California approved Proposition 4, commonly known as the "Gann Initiative." The Proposition created Article XIII B of the State Constitution, placing certain limits on the amount of revenue that can be appropriated each fiscal year. The limit is based on actual appropriations during FY 79. Only those revenues that are considered "proceeds of taxes" are subject to the limit. The limit is recalculated each fiscal year based on certain inflation and population factors. Proceeds of taxes are, however, allowed to be spent on several types of appropriations that do not count against the limit, including voter approved debt, the costs of complying with court orders and federal mandates, and expenditures for qualified capital outlays.

The "Gann" Appropriations Limit for the City of Long Beach for FY 08 has not yet been determined. However, the City does not anticipate a significant change from the FY 07 limit. Therefore, no Gann Limit issue is anticipated.

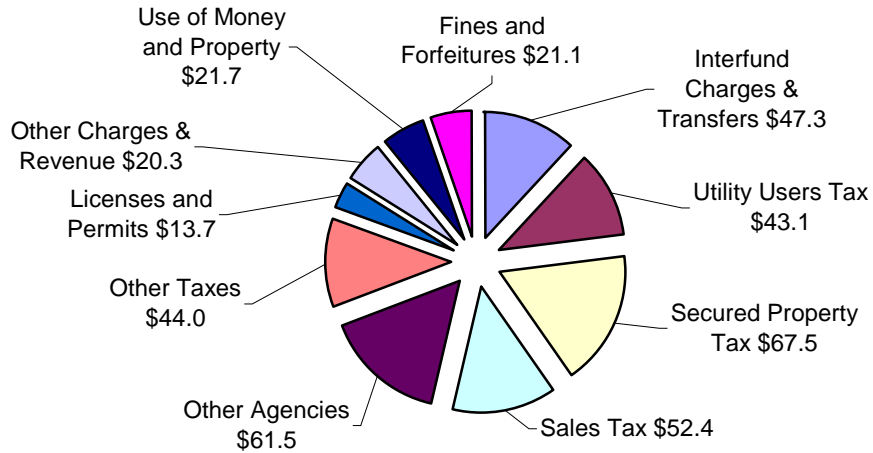
**FY 08 Proposed Revenues**  
**All Funds (in millions)**  
**(Total = \$2.1 billion)**



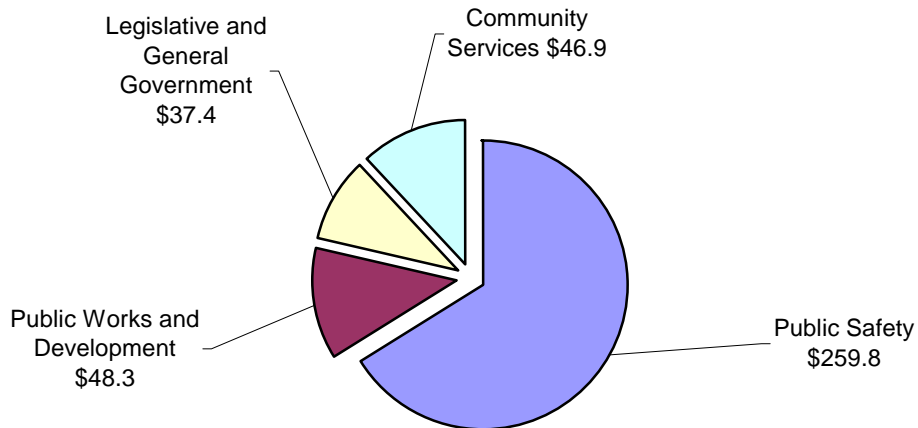
**FY 08 Proposed Expenditures**  
**All Funds (in millions)**  
**(Total = \$2.3 billion)**



**FY 08 Proposed Resources  
General Fund (in millions)  
(Total = \$392.6 million)**



**FY 08 Proposed Expenditures  
by Category of Service  
General Fund (in millions)  
(Total=392.5 million)**



# Debt Management

## DEBT MANAGEMENT

The Financial Management Department, Treasury Bureau, is responsible for issuing debt on behalf of City departments, City agencies, assessment districts, community facilities districts and other qualified entities. Typical debt structures include revenue bonds, lease revenue bonds, land based financings and notes. Debt may be issued with fixed or variable rate interest structures. Approximately \$2.0 billion in debt will be outstanding as of September 30, 2007.

Central to debt management is ensuring the City's compliance with federal, state and local regulations. Other duties of this function include trustee services, preparation of Securities and Exchange Commission and Internal Revenue Service reports, determining annual assessment levies and approving the distribution of bond proceeds.

## SUMMARY OF THE CITY AND RELATED AGENCIES OUTSTANDING DEBT

The tables below summarize the City's outstanding debt, including final maturities, original par amounts and amounts outstanding. All information is presented as of September 30, 2006.

Revenue Bonds			
Issue Name	Final Maturity	Original Par Amount	Amount Outstanding
Series 1993 Belmont Shore Parking Meter Revenue Bonds	2012	\$1,680,000	\$1,025,000
Series 1994 Marina Subordinate Revenue Bonds	2009	1,310,000	370,000
Series 1995 Marina Refunding Revenue Bonds	2008	31,725,000	6,280,000
Series 1997A Water Revenue Bonds	2024	46,945,000	34,675,000
Series 1998A Harbor Revenue Bonds	2019	206,330,000	155,865,000
Series 2000A Harbor Revenue Bonds	2025	275,000,000	248,085,000
Series 2002A&B Harbor Revenue Bonds	2027	300,000,000	274,565,000
Series 2004 Lease Revenue Bond (Towne Center Site Refinancing)	2030	11,595,000	11,295,000
Series 2004A&B Harbor Revenue Refunding Bonds <sup>(1)</sup>	2018	113,410,000	101,525,000
Series 2005A& B Harbor Revenue Refunding Bonds	2025	257,975,000	251,775,000
Series 2005 Gas Utility Revenue Refunding Bonds	2013	7,675,000	6,500,000
<sup>(1)</sup> Defeased the Series 1993 Harbor Revenue Bonds aggregate principal of \$127,470,000.			

Lease Revenue Bonds			
Issue Name	Final Maturity	Original Par Amount	Amount Outstanding
Series 1997A Lease Revenue Refunding (Civic Center Project)	2027	\$43,655,000	\$36,385,000
Series 1998A & B Long Beach Bond Finance Authority LBBFA Lease Revenue and Refunding Bonds (Temple & Willow Facility)	2027	29,565,000	25,215,000
Series 1999 Variable Rate Demand Lease Revenue Bonds (Long Beach Museum of Art)	2009	3,060,000	3,060,000
Series 2001 Lease Revenue Bonds (Plaza Parking Facilities) <sup>(1)</sup>	2027	11,500,000	10,740,000
Series 2001 Lease Revenue Refunding Bonds (Aquarium)	2030	129,520,000	129,520,000
Series 2002 Long Beach Bond Finance Authority (LBBFA) Lease Revenue Bonds (Public Safety Facilities)	2031	40,915,000	40,105,000
Series 2003 Long Beach Bond Finance Authority (LBBFA) (Skylinks)	2029	6,890,000	6,350,000

# Debt Management

## Lease Revenue Bonds (continued)

Issue Name	Final Maturity	Original Par Amount	Amount Outstanding
Series 2003A (Non-AMT) & B (AMT) Southeast Resource Recovery Facility Authority Lease Revenue Bonds	2018	\$120,235,000	\$107,695,000
Series 2005A Lease Revenue and Refunding Bond (Temple & Willow Facility) <sup>(2)</sup>	2028	8,145,000	7,830,000
Series 2006 Long Beach Bond Finance Authority (LBBFA) Lease Revenue and Refunding Bonds (Rainbow Harbor Refinancing Project) <sup>(3)</sup>	2024	50,785,000	50,785,000
<sup>(1)</sup> Series 2001 LBBFA Lease Revenue Bonds (Plaza Parking Facilities) defeased a portion (\$8,755,000 original par) of the Series 1992 Tax Allocation Revenue Bonds (West Long Beach Industrial and Downtown Project)			
<sup>(2)</sup> Series 2005 LBBFA Lease Revenue Refunding Bonds (Rainbow Harbor) issued August 2006 refunded the Series 1999A LBBFA Revenue Bonds (Rainbow Harbor) and the 1997 Queensway Parking Facility bonds			
<sup>(3)</sup> Series 2006 LBBFA Lease Revenue Refunding Bonds (Temple Willow) issued August 2005 to advance refund the Series 1998A LBBFA Revenue Bonds (Temple Willow)			

## Tax Allocation Revenue Bonds

Issue Name	Final Maturity	Original Par Amount	Amount Outstanding
Series 1992A Downtown Project Refunding Bonds	2017	\$81,020,000	\$36,475,000
Series 1992 West Long Beach Industrial Tax Allocation Rev. Bonds	2017	36,470,000	16,425,000
Series 2002A Long Beach Bond Finance Authority (LBBFA) Tax Allocation Revenue Bonds	2031	77,715,000	36,262,600
(Downtown Redevelopment Project Area)	2024	26,820,000	16,651,000
(North Long Beach Redevelopment Project Area)	2031	40,290,000	11,170,000
(Poly High Redevelopment Project Area)	2012	1,710,000	1,120,000
(West Beach Redevelopment Project Area)	2018	8,895,000	7,322,000
Series 2002B Long Beach Bond Finance Authority (LBBFA) Tax Allocation Revenue Bonds (1)	2024	47,780,000	42,275,000
(Downtown Redevelopment Project Area)	2022	25,920,000	22,615,000
(West Long Beach Industrial Redevelopment Project Area)	2024	21,860,000	19,660,000
Series 2005 Long Beach Bond Finance Authority (LBBFA)	2040	184,758,000	182,163,000
(Central Redevelopment Project Area)	2040	56,930,000	56,265,000
(Los Altos Redevelopment Project Area)	2020	4,685,000	4,430,000
(North Long Beach Redevelopment Project Area)	2035	64,080,000	63,050,000
(Poly High Redevelopment Project Area)	2024	2,558,000	2,558,000
(West Beach Redevelopment Project Area)	2020	840,000	840,000
(Housing Redevelopment Project Area)	2040	55,665,000	55,020,000
Series 2005C Long Beach Bond Finance Authority (LBBFA) Tax Allocation Revenue Bonds (Downtown and North Long Beach Redevelopment Project Areas) (2)	2031	35,045,000	35,025,000
(Downtown Redevelopment Project)	2024	7,900,000	7,880,000
(North Long Beach Redevelopment Project)	2031	27,145,000	27,145,000

<sup>(1)</sup> Series 2002B LBBFA Tax Allocation Revenue Bonds issued December 2002 partially defeased the Series 1992 West Long Beach Industrial Tax Allocation Revenue Bonds and the Series 1992A Downtown Project Refunding Bonds. As of December 2002, amount outstanding for series 1992 West Long Beach Industrial Tax Allocation Project Revenue Bonds was \$18,125,000 and for Series 1992A Downtown Project Refunding Bonds, the amount outstanding was \$39,925,000.

<sup>(2)</sup> Series 2005C LBBFA Tax Allocation Revenue Bonds, issued February 2006, partially defeased the Series 2002 Long Beach Bond Finance Authority Tax Allocation Revenue Bonds



# Debt Management

Pension Obligation Bonds			
Issue Name	Final Maturity	Original Par Amount	Amount Outstanding
Series 1995 Pension Obligation Refunding Bonds <sup>(1)</sup>	2011	\$108,635,000	\$16,215,000
Series 2002A&B Pension Obligation Bonds Refunding Taxable Bonds (Auction Rate Securities) <sup>(1)</sup>	2021	87,590,000	73,250,000
<sup>(1)</sup> Series 2002A&B Pension Obligation Refunding Taxable Bonds Partially defeased Series 1995 Pension Obligation Refunding Bonds in September 2002. The remaining issue amount after partial defeasement of the Series 1995 Pension Obligation Bonds was \$23,920,000. Series 2002A&B Pension obligation Bonds were remarketed on December 30, 2005 to a fixed rate from auction rate.			

Certificates of Participation			
Issue Name	Final Maturity	Original Par Amount	Amount Outstanding
Series 1993 Airport Refunding	2016	\$16,815,000	\$9,960,000

Source: City of Long Beach – Comprehensive Annual Financial Report

# Debt Management

City of Long Beach  
Legal Debt Margin Information  
Last Ten Fiscal Years  
(In Thousands)

	Fiscal Year				
	1997	1998	1999	2000	2001
Assessed valuation	\$ 21,427,957	\$ 21,403,042	\$ 21,515,605	\$ 21,832,600	\$ 23,688,371
Conversion percentage	25%	25%	25%	25%	25%
Adjusted assessed valuation	5,356,989	5,350,761	5,378,901	5,458,150	5,922,093
Debt limit percentage	15%	15%	15%	15%	15%
Debt limit	803,548	802,614	806,835	818,723	888,314
Total net debt applicable to limit:					
General obligation bonds	-	-	-	-	-
Legal debt margin	<u>\$ 803,548</u>	<u>\$ 802,614</u>	<u>\$ 806,835</u>	<u>\$ 818,723</u>	<u>\$ 888,314</u>
Total debt applicable to the limit					
as a percentage of debt limit	0%	0%	0%	0%	0%

	Fiscal Year				
	2002	2003	2004	2005	2006
Assessed valuation	\$ 24,989,993	\$ 26,454,417	\$ 29,613,229	\$ 32,069,711	\$ 35,519,905
Conversion percentage	25%	25%	25%	25%	25%
Adjusted assessed valuation	6,247,498	6,613,604	7,403,307	8,017,428	8,879,976
Debt limit percentage	15%	15%	15%	15%	15%
Debt limit	937,125	992,041	1,110,496	1,202,614	1,331,996
Total net debt applicable to limit:					
General obligation bonds	-	-	-	-	-
Legal debt margin	<u>\$ 937,125</u>	<u>\$ 992,041</u>	<u>\$ 1,110,496</u>	<u>\$ 1,202,614</u>	<u>\$ 1,331,996</u>
Total debt applicable to the limit					
as a percentage of debt limit	0%	0%	0%	0%	0%

The Government Code of the State of California provides for a legal debt limit of 15% of gross assessed valuation. This provision was enacted when assessed valuation was based on 25% of market value. Effective with fiscal year 1982 each parcel is assessed at 100% of market value (as of the most recent change in ownership for that parcel). The computations shown above reflect a conversion of assessed valuation data for each fiscal year from the current full valuation perspective to the 25% level that was in effect at the time that the legal debt margin was enacted by the State of California for local governments located within the state.

Source: City of Long Beach, Department of Financial Management  
County of Los Angeles, Department of Auditor-Controller

See accompanying independent auditors' report.